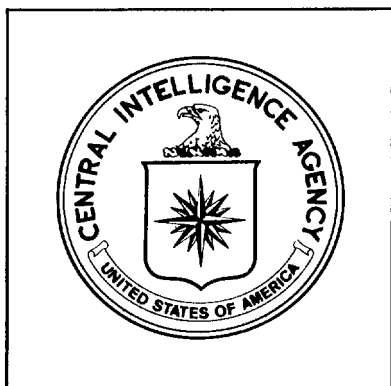


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172

RP ASU 77-003
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CONTENTS

Changes in Control Over Soviet Foreign Trade. 1

25X1



This publication is prepared by the USSR Division, Office of Regional and Political Analysis, with occasional contributions from other offices within the Directorate of Intelligence. The views presented are the personal judgments of analysts on significant events or trends in Soviet foreign and domestic affairs. Although the analysis will center on political matters, it will discuss politically relevant economic or strategic trends when appropriate. Differences of opinion will sometimes be aired to present consumers with a range of analytical views. Comments and queries are welcome. They should be directed to the authors of the individual articles or to

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RP ASU 77-003
24 February 1977

CONFIDENTIAL

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Changes in Control Over Soviet Foreign Trade

Moscow apparently plans to initiate a program designed to give industrial ministries considerable influence in the foreign trade sector. The Soviet initiative reflects Moscow's continuing dissatisfaction with the inefficiencies of the system under the Ministry of Foreign Trade, which regards the Soviet monopoly of foreign trade as its own monopoly. A major aim of the program will be to increase exports to the West.

Several high-level Soviet officials recently reported their interpretations of a Soviet decree on foreign economic relations released last summer. All agree that the decree calls for a transfer of at least some foreign trade operations from the Ministry of Foreign Trade to individual industrial ministries; they differ on the scope and timing of the change, however. A high-level official on the State Committee of Science and Technology expressed the most plausible view of the impending changes. He stated that five or six foreign trade organizations will be created on an experimental basis and placed under the direct control of selected industrial ministries. He indicated, however, that even these experimental changes would not be fully implemented before 1980, and might not be enacted at all if the inefficiencies of the present system could be corrected.

Other reports indicate, however, that operational responsibility for trade will be rapidly transferred from the Ministry of Foreign Trade to the industrial ministries. One official, for example, said that all foreign trade organizations now under the Ministry of Foreign Trade would be under the direct control of the industrial ministries by mid-1977; other officials agreed that some shift in responsibility will be forthcoming.

The USSR is concerned over its inability to expand exports to offset rising imports from the West. Policy statements by General Secretary Brezhnev and Premier Kosygin in recent years have called for a greater

RP ASU 77-003
24 February 1977

CONFIDENTIAL

participation of the industrial ministries--long frustrated by the self-perpetuating bureaucracy of the Ministry of Foreign Trade--in foreign trade. By limiting contact between the industrial ministries and potential foreign buyers and sellers, the Ministry of Foreign Trade has hindered Moscow's ability to do business with the West. The State Committee of Science and Technology has openly and repeatedly criticized this aspect of conducting foreign trade operations and inefficiencies in the huge Ministry of Foreign Trade bureaucracy.

Some past "reforms" have had limited impact, such as the decision in the late 1960s to allow industrial ministries to form special departments--*sagranpostavki*--to handle foreign trade operations. In practice, however, the *sagranpostavki* were merely given "advisory" powers vis-a-vis the Ministry of Foreign Trade. A decision in late 1974 to partially link hard currency allocations to the ability of the individual ministries to increase export earnings also failed to impinge on the Ministry of Foreign Trade's monopoly. Although the industrial ministries could theoretically increase imports on the basis of export expansion, their freedom to do so continued to be constrained by the Ministry of Foreign Trade.

If all foreign trade organizations were placed under the industrial ministries, the stage would be set for substantial improvement in the way foreign trade is handled, and presumably exports to the West would be expanded. The Soviet government's monopoly over foreign trade would continue, however. As a part of the national economic plan, export commitments and import needs will still have to be coordinated with Gosplan, Gosbank, and the Ministry of Finance. Moreover, the State Committee of Science and Technology will control imports of advanced scientific equipment and technology. [REDACTED]

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RP ASU 77-003
24 February 1977

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